



THE MCKELL INSTITUTE

# The Economic Impact of Penalty Rate Cuts

On Retail & Hospitality Workers in Metropolitan Brisbane

DECEMBER 2015

# Background

This research builds on existing research conducted by The McKell Institute into the economic impacts of penalty rate reform in Australia. It seeks to analyse these impacts on an electorate-by-electorate basis, with a specific focus on the Brisbane metropolitan area.

This report was commissioned by United Voice Queensland and The Shop, Distributive and Allied Employees Association of Queensland.

## About the McKell Institute

The McKell Institute is an independent, not-for-profit, public policy institute dedicated to developing practical policy ideas and contributing to public debate. The McKell Institute takes its name from New South Wales' wartime Premier and Governor-General of Australia, William McKell.

**William McKell made a powerful contribution to both New South Wales and Australian society through significant social, economic and environmental reforms.**

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# About the authors

## Equity Economics

Equity Economics is an economic and social policy consultancy firm based in Sydney. Equity Economics provides research, analysis and policy advice to a range of clients including major not for profit organisations, peak bodies, and corporates. Equity Economics draws on the skills of experienced economists and policy advisers with significant experience in the Federal Treasury and government. Particular areas of expertise include microeconomic reform, health and social policy.

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# Foreword

The McKell Institute is pleased to release its latest report into the impact of proposed reforms to penalty rates in Australia.

Previous reports have highlighted the importance of penalty rates in guaranteeing the Australian weekend, and providing the necessary compensation for working families as they work irregular hours and spend time apart. This report builds on these studies, examining the impact of proposed changes on retail and hospitality workers in select electorates within the Brisbane metropolitan area.

The Productivity Commission released its recommendations earlier in 2015 suggesting the Australian Government consider changing the penalty rates system for hospitality and retail workers. Specifically, the Productivity Commission recommended that Sunday penalty rates be reduced to Saturday penalty rates.

It is in this context that this report is released. It aims to quantify the impact of the proposed changes to penalty rates within the Brisbane metropolitan area, demonstrating the scale of the changes proposed.

This report finds that under the most conservative methodology dividing Sunday shifts amongst a number of part-time workers, that retail workers stand to lose around \$32 per week or around \$1,700 per year from the proposed reforms. Hospitality workers stand to lose around \$17 per week or around \$900 per year.

Adopting the methodology of workers doing a full 8-hour Sunday shift, retail workers stand to lose \$114 per week or around \$6,000 per year. Hospitality workers stand to lose up to \$71 per week or \$3,700 per year.

Over the six federal electorates examined in this report – Bonner, Bowman, Brisbane, Dickson, Forde and Longman – a total of 70,000 retail

and hospitality workers would be affected, conservatively reducing incomes by around \$78 million in these electorates.

The total value of the penalty rates earned by hospitality and retail workers in the six electorates examined equates to \$197 million. Any significant reduction in such rates would likely be felt throughout these local economies.

Penalty rates play an essential role in ensuring the weekend is maintained, working families receive adequate compensation for irregular hours, and those on lower to middle incomes can continue to make ends meet and contribute to their local economy.

This report was compiled with the support with United Voice Queensland and the Shop, Distributive and Allied Employees Association of Queensland, and we thank them for their contribution to this important debate.



**The Hon John Watkins**  
CHAIR,  
MCKELL INSTITUTE



**Sam Crosby**  
EXECUTIVE DIRECTOR,  
MCKELL INSTITUTE

# Executive summary

This report aims to document the significant economic impact of penalty rate reform in Queensland, placing a particular focus on the Brisbane metropolitan area. Building on previous research by The McKell Institute, the analysis quantifies how proposed reductions in penalty rates impact on the individuals reliant on working irregular and unsocial hours.

The report begins with an introduction articulating the importance of penalty rates on the six electorates studied: Bonner, Bowman, Brisbane, Dickson, Forder and Longman. Around 70,000 Queenslanders within these select electorates work in the hospitality or retail industries and rely on penalty rates.

It then explains the methodology used in the analysis presented in this report. Two proposed options for penalty rate reform have been analysed: the complete abolition of penalty rates, and the more likely proposed reduction of Sunday penalty rates to the rate paid on Saturdays.

If the proposed changes to penalty rates were to be legislated, this report finds that these workers would collectively stand to lose up to \$78 million per year in wages.

For those who work longer Sunday shifts, the impact is even more significant. A retail worker

reliant on 8 hour Sunday shifts could lose up to \$114 per week, or \$6,000 per annum. For a hospitality worker working similar hours, they could lose up to \$71 a week, or \$3,700 per annum.

An outright abolition of penalty rates would cause a \$197 million loss of income. Although the option of full abolition of penalty rates is an unlikely eventuality, it demonstrates how important penalty rates are to households in the Brisbane electorates analysed.

This report illustrates the economic impacts on communities that would result from the proposed reforms to penalty rates, and advocates that the current system should not be changed. Penalty rates serve an essential role in encouraging people to work irregular and unsociable hours, adequately compensating lower-income workers, and allowing hospitality and retail workers to be active in their local economies.







# Introduction

## The impact of penalty rate cuts in retail and hospitality in select Brisbane Electorates

Workers reliant on penalty rates are an essential part of the Australian and Queensland economies. Increasingly, however, public debate has renewed scrutiny on the value of penalty rates in Australia's society and economy. The federal government has not ruled out changes to penalty rates in Australia, with the option of reducing Sunday penalty rates for workers in the retail and hospitality industries in particular a potential option for future reform.

**There are around 70,000 Queenslanders working in retail and hospitality in the electorates of Bonner, Bowman, Brisbane, Dickson, Forde and Longman.** These retail and hospitality workers face cuts to weekly wages from any proposed changes to penalty rates.

This report, however, articulates how central penalty rates are to the financial security of workers reliant upon them, as well as the vibrancy of the Queensland economy. By quantifying the proposed reduction of penalty rates across six Brisbane metropolitan electorates, the scale of the impact of any changes to penalty rates on Queensland communities is demonstrated.

If the proposed reductions in penalty rates were to proceed this report notes that:

- ▶ The amount the 68,886 retail and hospitality workers in Bonner, Bowman, Brisbane, Dickson, Forde and Longman earn in penalty rates each year could be significantly reduced.
- ▶ **A shop worker doing a regular Sunday shift could lose up to \$32.05 a week** from the proposed reduction of Sunday penalty rates to Saturday penalty rates.
- ▶ Across Bonner, Bowman, Brisbane, Dickson, Forde and Longman retail and hospitality **workers stand to lose up to \$78 million each year in wages** from the proposed cuts in Sunday penalty rates to Saturday penalty rates.

Not only would such losses be highly detrimental for the individual workers, but they would also be damaging to the local economies which rely on the economic participation of workers in the retail and hospitality sectors.

This report considers the detailed impact of penalty rate reform in retail and hospitality on select Brisbane electorates. It contains electorate briefs for six Queensland metropolitan electorates – Bonner, Bowman, Brisbane, Dickson, Forde and Longman.

The analysis considers the impact on these electorates of a reduction of Sunday penalty rates to the Saturday penalty rates as proposed in the Draft Report of the Productivity Commission into the Workplace Relations Framework. The analysis also considers the impact of a complete abolition of penalty rates in these electorates.

In summary, the study estimates the following impact on incomes in the six Queensland electorates:

- ▶ A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) in the retail and hospitality sectors would result in workers in these areas of Queensland losing between **\$67.1 million p.a.** and **\$77.5 million p.a.**
- ▶ A full abolition of penalty rates in the retail and hospitality sectors would result in these areas of Queensland losing between **\$145.7 million p.a.** and **\$196.6 million p.a.**



## Sunday workers face significant losses

.....

This report adopts a relatively conservative methodology that assumes hours are divided equally across workers. For instance the Sunday shift is divided equally between 3-4 workers depending on the number of opening hours (for further discussion see the methodology section below).

In reality the impact of the proposed penalty rate reduction of Sunday penalty rates to Saturday penalty rates will be more harshly felt by those people who work longer shifts during higher penalty periods, such as those workers who do a full 8-hour Sunday shift.

Calculating the loss for an 8 hour shift involves applying the Productivity Commissions proposed reduction in Sunday penalty rates to Saturday penalty rates over the 8 hours.

**Workers in the retail industry doing an 8-hour shift on Sundays in retail stand to lose \$113.94 per week (or \$5,925 per annum) with this reform.<sup>1</sup>**

**Workers in the hospitality industry doing an 8-hour shift on Sundays stand to lose between \$34.70 per week (or \$1,804 per annum)<sup>2</sup> and \$71.16 per week (or \$3,700 per annum).<sup>3</sup>**

1. This figure was calculated using the General Retail Industry Award (Level 1)

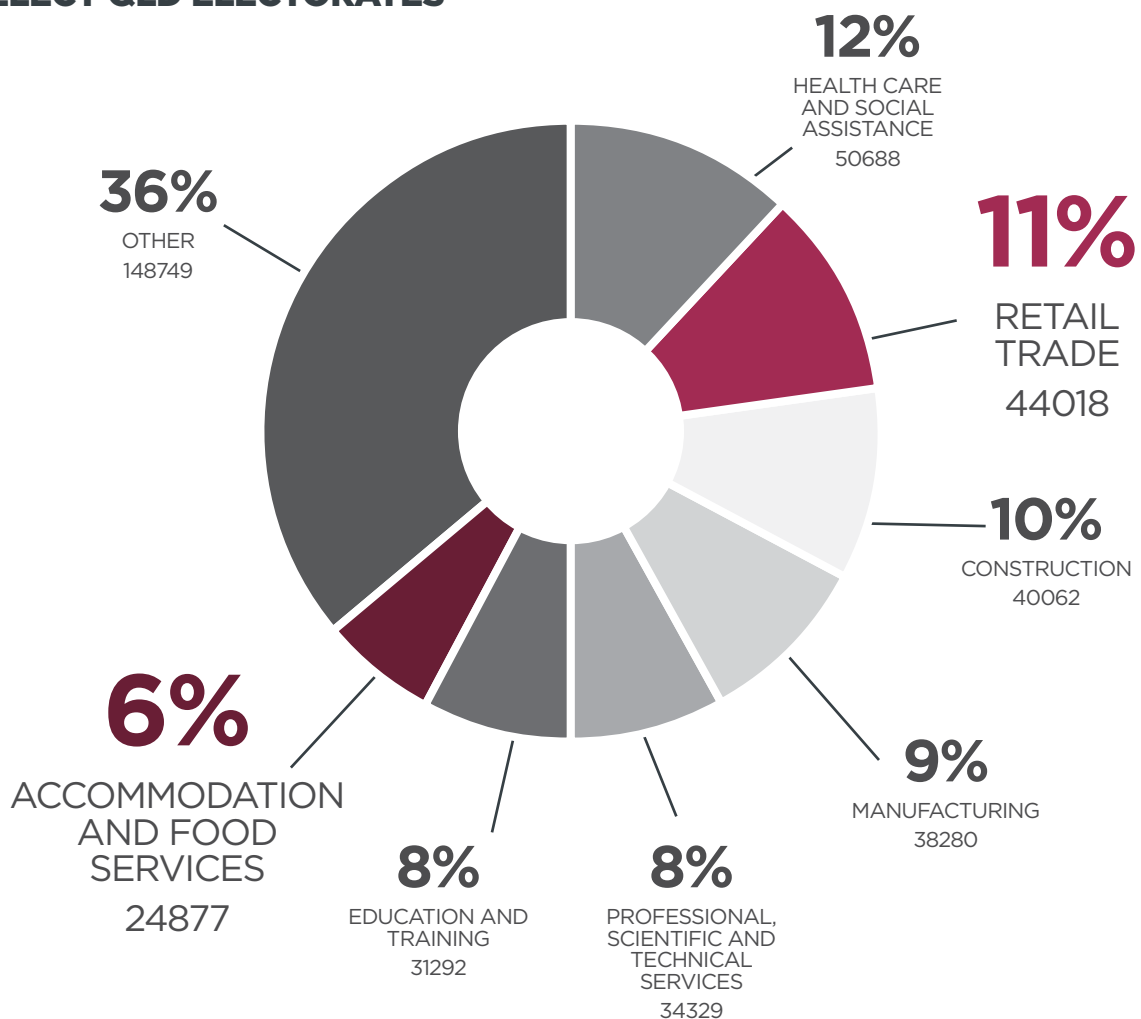
2. This figure was calculated using the Restaurant Industry Award (Food and Beverage Level 1)

3. This figure was calculated using the Hospitality Industry (General) Award (Level 1)

# Importance of the retail & hospitality sectors

The retail and hospitality sectors account for 17 percent of the workforce in these Queensland electorates. When combined, they employ around 70,000 Queenslanders.

## SELECT QLD ELECTORATES



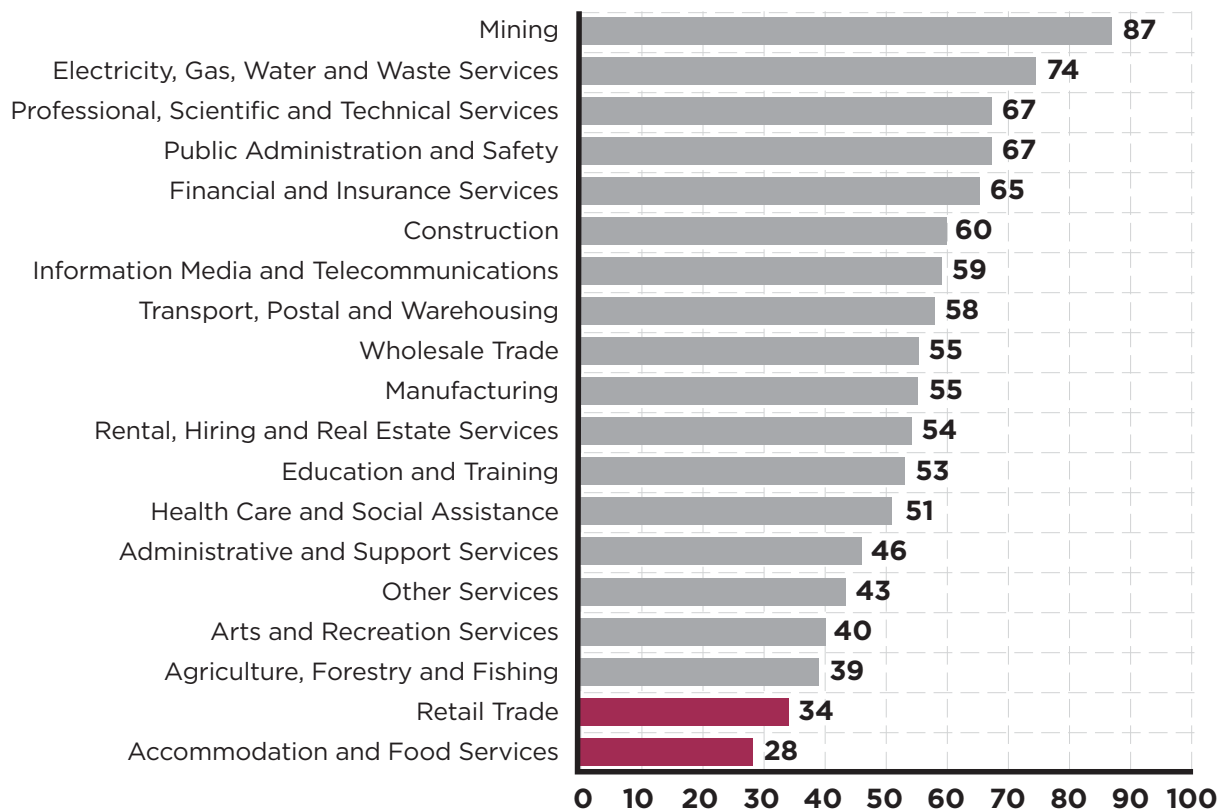


Workers in the retail and hospitality sectors are among the most reliant on penalty rates across the country, including in the six Queensland electorates considered in this study. In the selected electorates, workers in the retail sector earn approximately

\$34,400 a year whilst; workers in the hospitality sector earn on average \$27,950 a year.

Proposals to cut penalty rates in these industries will impact on the lowest income workers who face the prospect of reduced rates of pay.

## 2011 ESTIMATED ANNUAL AVERAGE INCOME BY INDUSTRY ('000)



# Methodology and Assumptions

The aim of this study is to estimate the income loss to individual workers of potential penalty rate reductions in the retail and hospitality industries in selected Queensland electorates. We consider the impact of abolition and a partial reduction of penalty rates. For partial reduction, we consider the impact of reducing Sunday penalty rates to those awarded on Saturday, to reflect recent recommendations by the Productivity Commission.

## Data Sources

Data has been sourced from the Australian Bureau of Statistics (ABS) 2011 Census of Population and Housing – in particular workforce data pertaining to industry, Federal Electorate of residence and income.

## Methodology

The following methodology has been used to provide estimates of individual income loss and potential loss of disposable income within local economies:

1. Use 2011 census to estimate retail and hospitality worker numbers in each Federal Electorate.
2. Apply a partial reduction and the full abolition of penalty rates to an individual worker. Assume 19 percent marginal tax rate to estimate disposable income lost.
3. Combine 1 and 2 to estimate total income lost to workers in each Federal Electorate.

## Assumptions

Two scenarios are considered in this study for both the retail and hospitality sectors. This is to provide an estimate that accounts for businesses with both normal and longer trading hours:

- ▶ Scenario 1 models the impact of penalty rate cuts assuming longer trading hours of a larger business.
- ▶ Scenario 2 models the impact assuming normal trading hours of a smaller business.

The opening hours of each the business are divided by a number of workers (detailed below), to reflect the fact that most workers in these industries work part time somewhere between 20 and 25 hours a week.

A marginal tax rate of 19 percent has been used to estimate the average loss in disposable income per worker. This is appropriate given the average income per worker in each scenario falls in the \$18,201 and \$37,000 tax bracket.

The assumptions applied under each of these scenarios for retail and hospitality are detailed below.



## Assumptions related to the Retail sector

Figures relating to the impact of penalty rate reform on the retail sector are based on the General Retail Industry Award.

The base rate contained in the General Retail Industry Award of \$18.99 is assumed (Level 1). This is a conservative assumption given many retail employers would be on a higher level.

The penalty rates (under the General Retail Industry Award) apply as follows:

	Penalty Rates as per the General Retail Award	Partial Reduction in Penalty Rates (Reduction)	Full Reduction in Penalty Rates (Abolition)
<b>WEEKDAYS: AFTER 6PM</b>	25%	25%	0%
<b>SATURDAY</b>	25%	25%	0%
<b>SUNDAY</b>	100%	25%	0%

All other penalties and allowances from the award are left unchanged.

Two scenarios of business types are modeled to reflect different operating hours:

- For scenario 1, the opening hours of a large supermarket such as Coles or Woolworths in these areas is used. The opening hours for such supermarkets are generally estimated to be, on average, 7.00am to 9.00pm (Monday to Friday), 8.00am to 7.00pm (Saturday) and 9.00am to

6.00pm (Sunday). It is assumed 4 part time employees share the workload.

- For scenario 2, the hours opening hours of Best & Less (Queen St) is used as a proxy for the opening hours of other typical retailers. The opening hours are for this retail outlet are: 9.00am to 5.30pm (Monday to Wednesday, Friday), 9.00am to 9.00pm (Thursday), 9.00am to 5.00pm (Saturday) and 10.00am to 4.00pm (Sunday). It is assumed 3 part time employees share the workload.

Based on these assumptions and scenarios, the average loss per worker per week in the retail sector is:

	ABOLITION	REDUCTION
<b>SCENARIO 1</b>	\$73.59 (\$3,826 per annum)	\$32.05 (\$1,666 per annum)
<b>SCENARIO 2</b>	\$55.39 (\$2,880 per annum)	\$28.49 (\$1,481 per annum)

## Assumptions related to the Hospitality sector

Figures relating to the impact of penalty rate reform on the hospitality sector are based on the Restaurant Industry Award.

The base rate contained in the Restaurant Industry Award of \$17.79 is assumed (Food and beverage, Level 1). This is considered a conservative assumption given many hospitality employers would be on a higher level.

The penalty rates (under the Restaurant Industry Award) apply as follows:

	Penalty Rates as per the Restaurant Industry Award	Partial Reduction in Penalty Rates (Reduction)	Full Reduction in Penalty Rates (Abolition)
<b>WEEKDAYS: 10PM - MIDNIGHT</b>	10%	10%	0%
<b>WEEKDAYS: MIDNIGHT - 4AM</b>	15%	15%	0%
<b>SATURDAY</b>	25%	25%	0%
<b>SUNDAY</b>	50%	25%	0%

All other penalties and allowances from the award are left unchanged.

Two scenarios of business types are modeled to reflect different operating hours:

- For scenario 1, the opening hours of the Centre Bar, located inside Treasury Casino, is used as a proxy for a large hospitality business. The opening hours for Centre Bar are: 12.00pm to midnight (Sunday to Wednesday), 12pm to 2am (Thursday) and 12pm to 3.30am (Friday and

Saturday). It is assumed 4 part time employees share the workload.

- For scenario 2, the hours opening hours of Coffee Club (Brisbane Square) is used as a proxy for the opening hours of other typical hospitality venues. The opening hours for this Coffee Club venue are: 6.30am to 5.00pm (Monday to Thursday), 6.30am to 10.30pm (Friday), 7.00am to 4.30pm (Saturday) and 7.30am to 4.30pm (Sunday). It is assumed 3 part time employees share the workload.

Based on these assumptions and scenarios, the average loss per worker per week in the hospitality sector is:

	ABOLITION	REDUCTION
<b>SCENARIO 1</b>	\$57.48 (\$2,989 per annum)	\$17.23 (\$896 per annum)
<b>SCENARIO 2</b>	\$41.07 (\$2,135 per annum)	\$13.64 (\$709 per annum)

# Bonner, QLD

## Key Facts

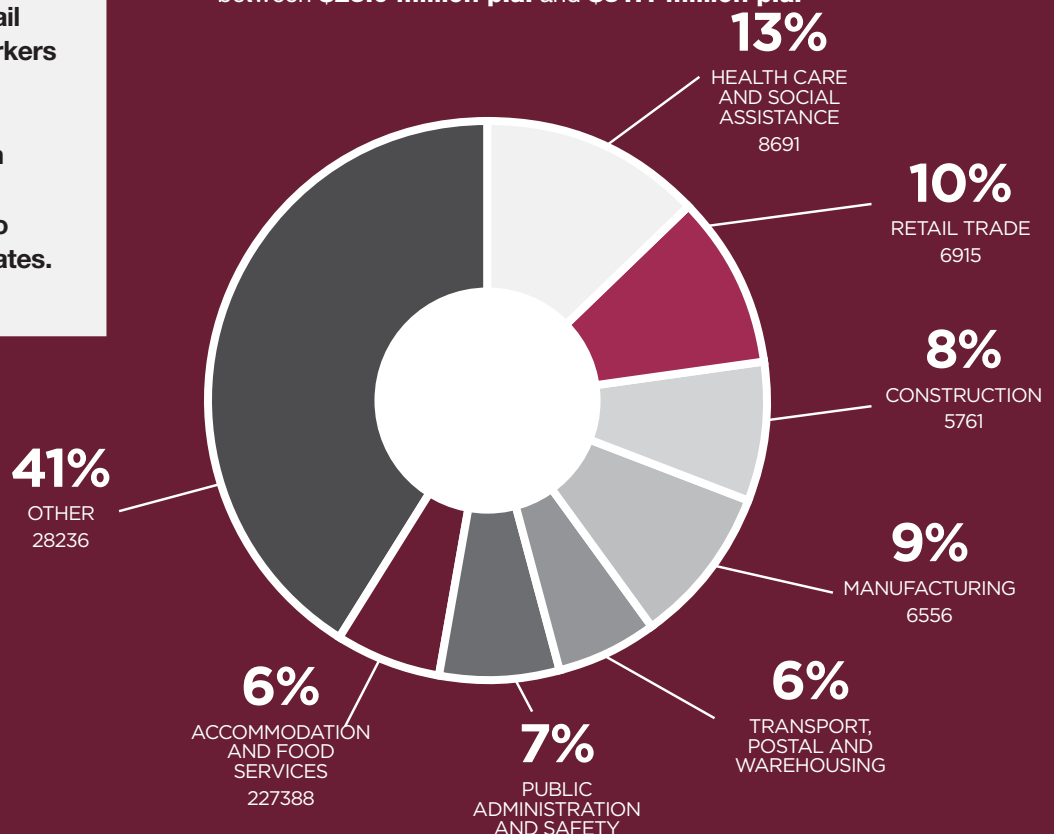
- ▶ 10,900 people working in retail and hospitality sectors in Bonner face having their wages cut from proposed changes to Sunday Penalty Rates.
- ▶ A shop worker doing a regular Sunday shift could lose up to \$32.05 a week from the proposed cuts to Sunday penalty rates, reducing them to Saturday rates.
- ▶ Across Bonner retail and hospitality workers stand to lose up to \$12.2 million each year in wages from the proposed cuts reducing Sunday to Saturday penalty rates.

The Federal Electorate of Bonner includes the suburbs of Belmont, Burbank, Capalaba West, Carindale, Chandler, Gumdale, Hemmant, Lota, Lytton, Manly, Manly West, Mansfield, Moreton Island, Mount Gravatt, Ransome, Rochedale, Tingalpa, Upper Mt Gravatt, Wakerley, Wishart, Wynnum, Wynnum West and parts of Cannon Hill, Carina, Eight Mile Plains, Holland Park, Holland Park West, Mackenzie, Mount Gravatt East and Murarie.

The 2011 Census shows that there were around 69,000 people in the local workforce. Retail Trade was the second largest industry representing 10 per cent of the workforce – with over 6,900 workers. Accommodation and Food Services was the ninth largest industry representing 6 per cent of the workforce – with just under 4,000 workers.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in workers in Bonner losing between **\$10.6 million p.a.** and **\$12.2 million p.a.**
- (B) A full abolition of penalty rates would result in workers in Bonner losing between **\$23.0 million p.a.** and **\$31.1 million p.a.**





## Retail Sector

28 per cent of workers in Bonner's retail industry worked in food retail (e.g. supermarkets and grocery stores); 7 per cent in motor vehicle related retail (e.g. car dealers and vehicle parts retailing), 2 per cent in fuel retailing (e.g. petrol stations) and 63 per cent in other types of retail (including furniture, electrical, goods, clothes, hardware and garden supplies).

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in retail workers in Bonner losing between **\$8.3 million p.a.** and **\$9.3 million p.a.**
- (B) A full abolition of penalty rates would result in retail workers in Bonner losing between **\$16.1 million p.a.** and **\$21.4 million p.a.**

## Hospitality

14 per cent of workers in Bonner's hospitality industry worked in accommodation services and 86 per cent in food services.

It is estimated that:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in hospitality workers in Bonner losing between **\$2.3 million p.a.** and **\$2.9 million p.a.**
- (B) A full abolition of penalty rates would result in hospitality workers in Bonner losing between **\$6.9 million p.a.** and **\$9.7 million p.a.**

# Bowman, QLD

## Key Facts

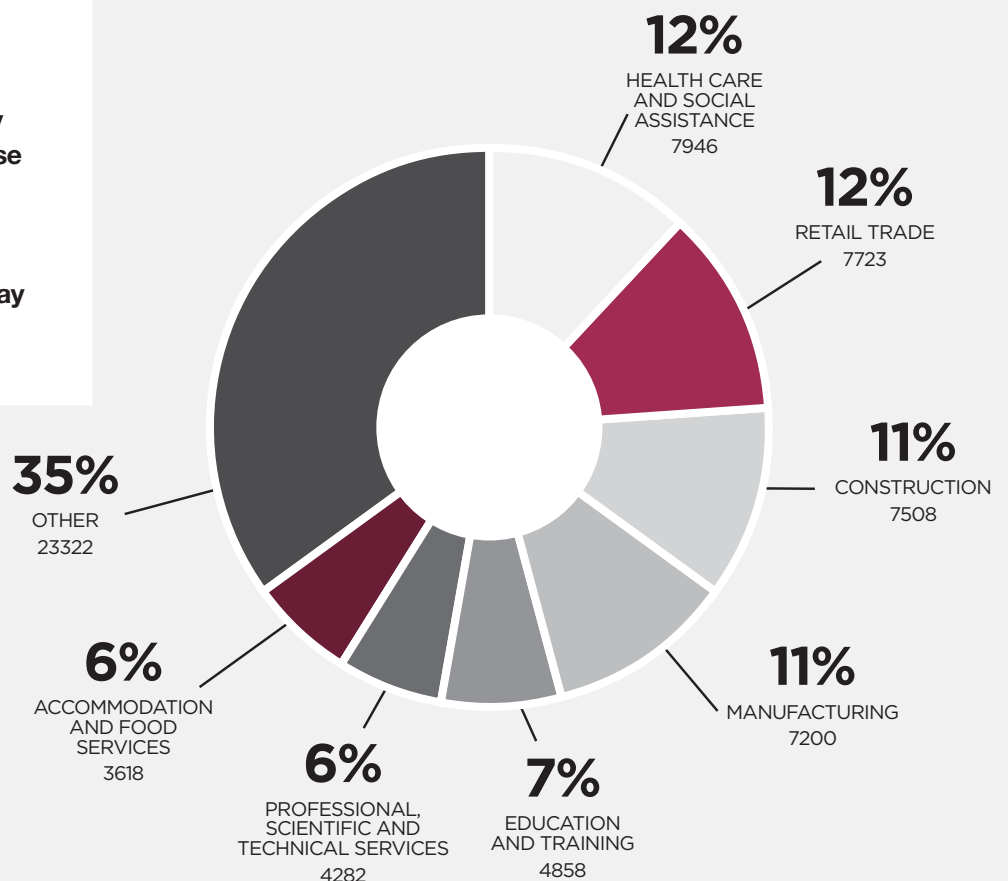
- ▶ 10,300 people working in retail and hospitality sectors in Bowman face having their wages cut from proposed changes to Sunday Penalty Rates.
- ▶ A shop worker doing a regular Sunday shift could lose up to \$32.05 a week from the proposed cuts to Sunday penalty rates, reducing them to Saturday rates.
- ▶ Across Bowman retail and hospitality workers stand to lose up to \$13.0 million each year in wages from proposed cuts in Sunday to Saturday penalty rates.

The Federal Electorate of Bowman includes the suburbs of Alexandra Hills, Birkdale, Capalaba, Cleveland, Mount Cotton, Ormiston, Redland Bay, Sheldon, Thorneside, Thornlands, Victoria Point and Wellington Point.

The 2011 Census shows that there were around 66,000 people in the local workforce. Retail Trade was the second largest industry representing 12 per cent of the workforce – with over 7,700 workers. Accommodation and Food Services was the ninth largest industry representing 6 per cent of the workforce – with over 3,600 workers.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in workers in Bowman losing between **\$11.3 million p.a.** and **\$13.0 million p.a.**; and
- (B) A full abolition of penalty rates would result in workers in Bowman losing between **\$24.3 million p.a.** and **\$32.7 million p.a.**





## Retail Sector

31 per cent of workers in Bowman's retail industry worked in food retail (e.g. supermarkets and grocery stores); 8 per cent in motor vehicle related retail (e.g. car dealers and vehicle parts retailing), 2 per cent in fuel retailing (e.g. petrol stations) and 58 per cent in other types of retail (including furniture, electrical, goods, clothes, hardware and garden supplies).

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in retail workers in Bowman losing between **\$9.3 million p.a.** and **\$10.4 million p.a.**
- (B) A full abolition of penalty rates would result in retail workers in Bowman losing between **\$18.0 million p.a.** and **\$23.9 million p.a.**

## Hospitality

10 per cent of workers in Bowman's hospitality industry worked in accommodation services and 89 per cent in food services.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in hospitality workers in Bowman losing between **\$2.1 million p.a.** and **\$2.6 million p.a.**
- (B) A full abolition of penalty rates would result in hospitality workers in Bowman losing between **\$6.3 million p.a.** and **\$8.8 million p.a.**



# Brisbane, QLD

## Key Facts

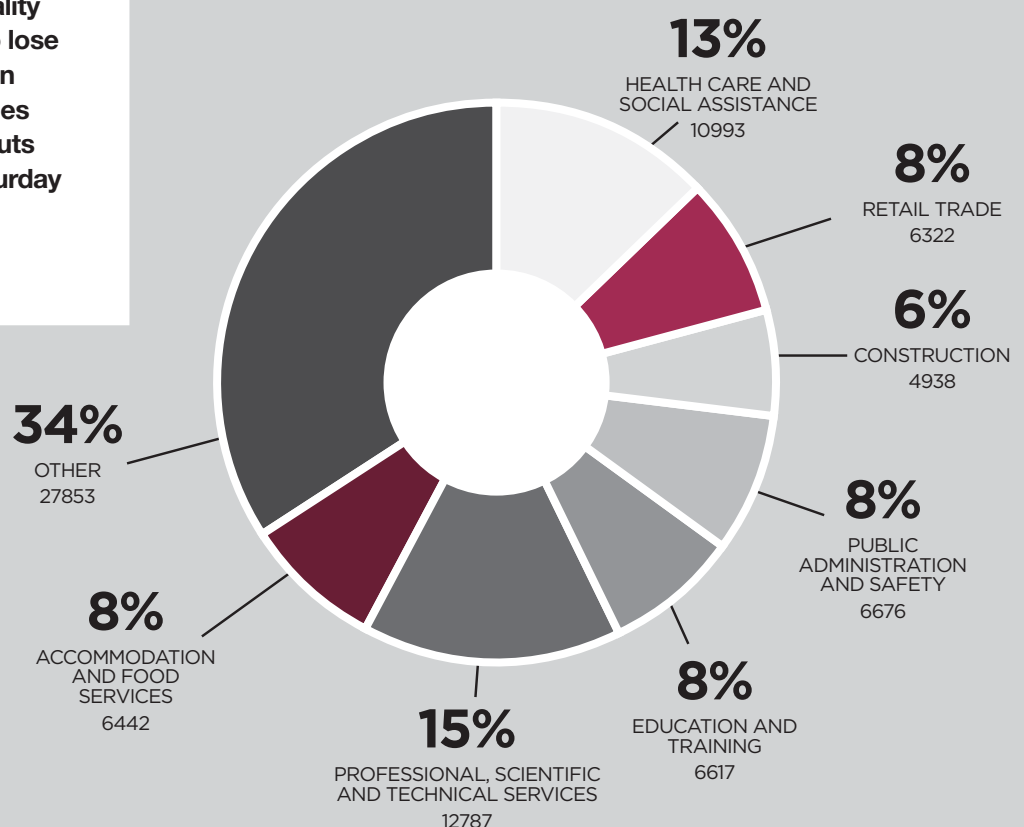
- ▶ 12,700 people working in retail and hospitality sectors in Brisbane face having their wages cut from proposed changes to Sunday Penalty Rates.
- ▶ A shop worker doing a regular Sunday shift could lose up to \$32.05 a week from the proposed cuts to Sunday penalty rates to Saturday penalty rates.
- ▶ Across Brisbane retail and hospitality workers stand to lose up to \$13.2 million each year in wages from proposed cuts in Sunday to Saturday penalty rates.

The Federal Electorate of Brisbane includes the suburbs of Albion, Alderley, Ascot, Bowen Hills, Brisbane City, Clayfield, Fortitude Valley, Gaythorne, Gordon Park, Grange, Hamilton, Hendra, Herston, Kalinga, Kelvin Grove, Lutwyche, Milton, New Farm, Newmarket, Newstead, Red Hill, Spring Hill, Wilston, Windsor, Woolloowin and parts of Ashgrove, Bardon, Everton Park, Enoggera, Paddington and Stafford.

The 2011 Census shows that there were around 83,000 people in the local workforce. Retail Trade was the sixth largest industry representing 8 per cent of the workforce – with over 6,300 workers. Accommodation and Food Services was the fifth largest industry representing 8 per cent of the workforce – with over 6,400 workers.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in workers in Brisbane losing between **\$11.3 million p.a.** and **\$13.2 million p.a.**
- (B) A full abolition of penalty rates would result in workers in Brisbane losing between **\$25.9 million p.a.** and **\$35.2 million p.a.**



## Retail Sector

24 per cent of workers in Brisbane's retail industry worked in food retail (e.g. supermarkets and grocery stores); 7 per cent in motor vehicle related retail (e.g. car dealers and vehicle parts retailing), 2 per cent in fuel retailing (e.g. petrol stations) and 67 per cent in other types of retail (including furniture, electrical, goods, clothes, hardware and garden supplies).

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in retail workers in Brisbane losing between **\$7.6 million p.a.** and **\$8.5 million p.a.**
- (B) A full abolition of penalty rates would result in retail workers in Brisbane losing between **\$14.7 million p.a.** and **\$19.6 million p.a.**

## Hospitality

18 per cent of workers in Brisbane's hospitality industry worked in accommodation services and 82 per cent in food services.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in hospitality workers in Brisbane losing between **\$3.7 million p.a.** and **\$4.7 million p.a.**
- (B) A full abolition of penalty rates would result in hospitality workers in Brisbane losing between **\$11.1 million p.a.** and **\$15.6 million p.a.**



# Dickson, QLD

## Key Facts

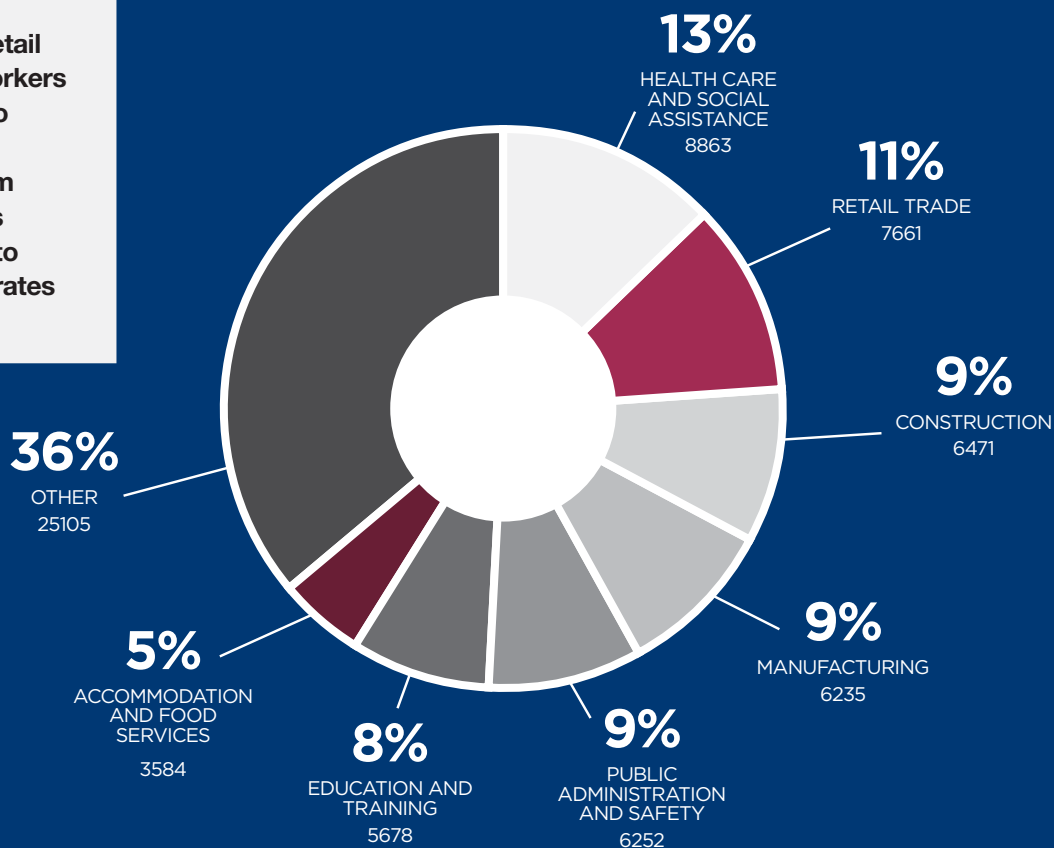
- ▶ 11,200 people working in retail and hospitality sectors in Dickson face having their wages cut from proposed changes to Sunday Penalty Rates
- ▶ A shop worker doing a regular Sunday shift could lose up to \$32.05 a week from the proposed cuts to Sunday penalty rates reducing to Saturday rates.
- ▶ Across Dickson retail and hospitality workers stand to lose up to \$12.9 million each year in wages from the proposed cuts reducing Sunday to Saturday penalty rates

The Federal Electorate of Dickson includes the suburbs and towns of Albany Creek, Arana Hills, Bray Park, Brendale, Cashmere, Dayboro, Eatons Hill, Everton Hills, Ferny Hills, Joyner, Kallangur, Lawnton, Mount Glorious, Mount Nebo, Petrie, Samford Valley, Strathpine and Warner.

The 2011 Census shows that there were around 70,000 people in the local workforce. Retail Trade was the second largest industry representing 11 per cent of the workforce – with over 7,600 workers. Accommodation and Food Services was the ninth largest industry representing 5 per cent of the workforce – with just under 3,600 workers.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in workers in Dickson losing between **\$11.3 million p.a.** and **\$12.9 million p.a.**
- (B) A full abolition of penalty rates would result in workers in Dickson losing between **\$24.1 million p.a.** and **\$32.4 million p.a.**







## Retail Sector

31 per cent of workers in Dickson's retail industry worked in food retail (e.g. supermarkets and grocery stores); 10 per cent in motor vehicle related retail (e.g. car dealers and vehicle parts retailing), 2 per cent in fuel retailing (e.g. petrol stations) and 57 per cent in other types of retail (including furniture, electrical, goods, clothes, hardware and garden supplies).

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in retail workers in Dickson losing between **\$9.2 million p.a.** and **\$10.3 million p.a.**
- (B) A full abolition of penalty rates would result in retail workers in Dickson losing between **\$17.9 million p.a.** and **\$23.7 million p.a.**

## Hospitality

10 per cent of workers in Dickson's hospitality industry worked in accommodation services and 90 per cent in food services.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in hospitality workers in Dickson losing between **\$2.1 million p.a.** and **\$2.6 million p.a.**
- (B) A full abolition of penalty rates would result in hospitality workers in Dickson losing between **\$6.2 million p.a.** and **\$8.7 million p.a.**



# Forde, QLD

## Key Facts

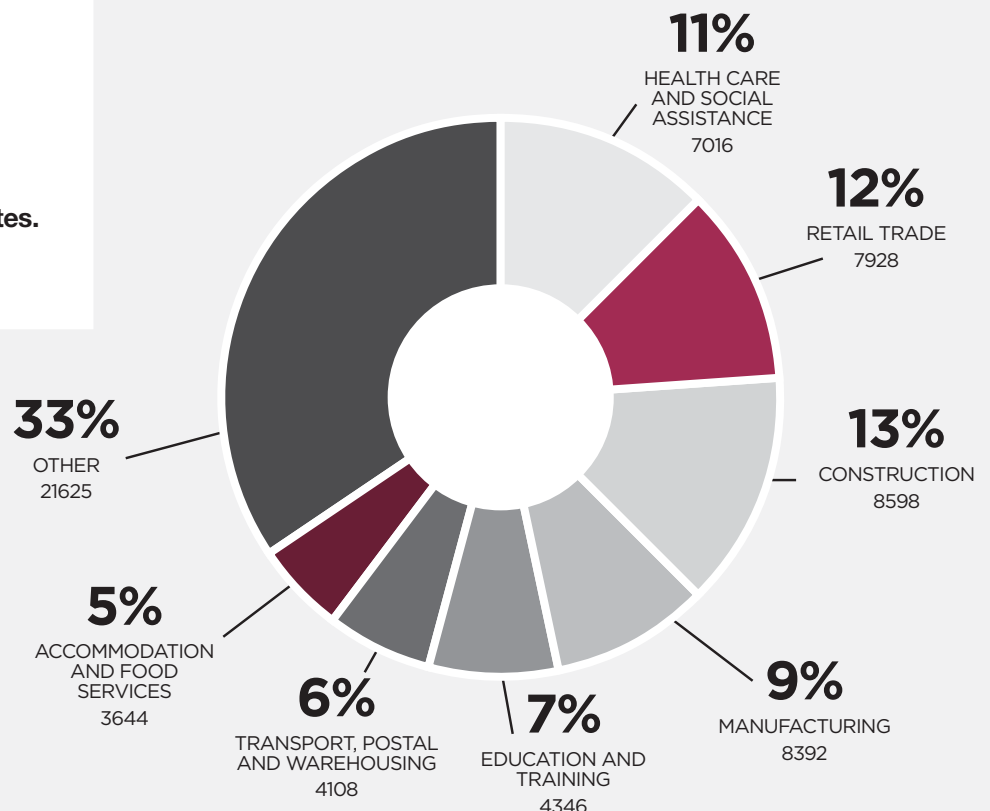
- ▶ 11,500 people working in retail and hospitality sectors in Forde face having their wages cut from proposed changes to Sunday Penalty Rates
- ▶ A shop worker doing a regular Sunday shift could lose up to \$32.05 a week from the proposed cuts to Sunday penalty rates to Saturday rates.
- ▶ Across Forde retail and hospitality workers stand to lose up to \$13.3 million each year in wages from the proposed cuts reducing Sunday to Saturday penalty rates.

The Federal Electorate of Forde includes the suburbs of Beenleigh, Bethania, Boronia Heights, Chambers Flat, Cornubia, Eagleby, Edens Landing, Loganholme, Logan Reserve, Mount Warren Park, Ormeau Hills, Park Ridge, Tanah Merah, Upper Coomera, Waterford, Waterford West and Windaroo as well as parts of Daisy Hill, Heritage Park, Loganlea, Munruben, Ormeau, Park Ridge South and Shailer Park.

The 2011 Census shows that there were around 66,000 people in the local workforce. Retail Trade was the third largest industry representing 12 per cent of the workforce – with over 7,900 workers. Accommodation and Food Services was the seventh largest industry representing 6 per cent of the workforce – with over 3,600 workers.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in workers in Forde losing between **\$11.6 million p.a.** and **\$13.3 million p.a.**
- (B) A full abolition of penalty rates would result in workers in Forde losing between **\$24.8 million p.a.** and **\$33.4 million p.a.**





## Retail Sector

33 per cent of workers in Forde's retail industry worked in food retail (e.g. supermarkets and grocery stores); 9 per cent in motor vehicle related retail (e.g. car dealers and vehicle parts retailing), 3 per cent in fuel retailing (e.g. petrol stations) and 55 per cent in other types of retail (including furniture, electrical, goods, clothes, hardware and garden supplies).

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in retail workers in Forde losing between **\$9.5 million p.a.** and **\$10.7 million p.a.**
- (B) A full abolition of penalty rates would result in retail workers in Forde losing between **\$18.5 million p.a.** and **\$24.6 million p.a.**

## Hospitality

15 per cent of workers in Forde's hospitality industry worked in accommodation services and 85 per cent in food services.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in hospitality workers in Forde losing between **\$2.1 million p.a.** and **\$2.6 million p.a.**
- (B) A full abolition of penalty rates would result in hospitality workers in Forde losing between **\$6.3 million p.a.** and **\$8.8 million p.a.**

# Longman, QLD

## Key Facts

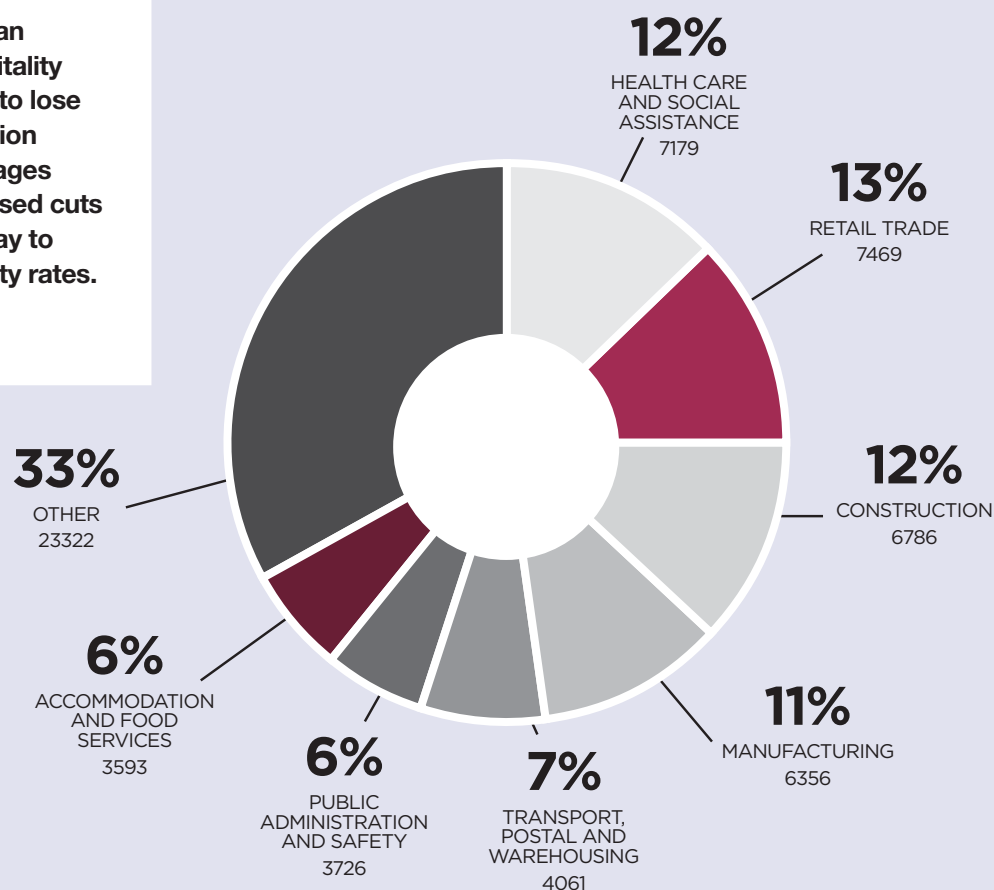
- ▶ 11,000 people working in retail and hospitality sectors in Longman face having their wages cut from proposed changes to Sunday Penalty Rates
- ▶ A shop worker doing a regular Sunday shift could lose up to \$32.05 a week from the proposed cuts to Sunday penalty rates to Saturday penalty rates.
- ▶ Across Longman retail and hospitality workers stand to lose up to \$12.7 million each year in wages from the proposed cuts reducing Sunday to Saturday penalty rates.

The Federal Electorate of Longman includes the suburbs and towns of Beachmere, Bribie Island, part of Burpengary, Caboolture, Dakabin, Donnybrook, part of Kallangur, Morayfield, Mount Mee, Narangba, Ningi, Toorbul and Woodford.

The 2011 Census shows that there were around 58,000 people in the local workforce. Retail Trade was the largest industry representing 13 per cent of the workforce – with over 7,400 workers. Accommodation and Food Services was the sixth largest industry representing 6 per cent of the workforce – with just under 3,600 workers.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in workers in Longman losing between **\$11.0 million p.a.** and **\$12.7 million p.a.**
- (B) A full abolition of penalty rates would result in workers in Longman losing between **\$23.6 million p.a.** and **\$31.8 million p.a.**



## Retail Sector

33 per cent of workers in Longman's retail industry worked in food retail (e.g. supermarkets and grocery stores); 10 per cent in motor vehicle related retail (e.g. car dealers and vehicle parts retailing), 4 per cent in fuel retailing (e.g. petrol stations) and 54 per cent in other types of retail (including furniture, electrical, goods, clothes, hardware and garden supplies).

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in retail workers in Longman losing between **\$9.0 million p.a.** and **\$10.1 million p.a.**
- (B) A full abolition of penalty rates would result in retail workers in Longman losing between **\$17.4 million p.a.** and **\$23.2 million p.a.**

## Hospitality

10 per cent of workers in Longman's hospitality industry worked in accommodation services and 90 per cent in food services.

### IT IS ESTIMATED THAT:

- (A) A partial abolition of penalty rates (where Sunday penalty rates are paid at Saturday rates) would result in hospitality workers in Longman losing between **\$2.1 million p.a.** and **\$2.6 million p.a.**
- (B) A full abolition of penalty rates would result in hospitality workers in Longman losing between **\$6.2 million p.a.** and **\$8.7 million p.a.**





# Concluding Remarks

Penalty rates, and those workers in the hospitality and retail sectors who rely upon them, contribute significantly to incomes and the Queensland economy. They have been an essential part of Australia's social contract for generations, adequately compensating those who work long or unsociable hours in a way that ensures the financial security of the individual, as well as the economic prosperity of Queensland communities.

The analysis contained in this report demonstrates the significant impact on Queensland communities that any changes to penalty rates would have, and particularly for those working in the retail and hospitality sectors. This report has demonstrated the significance of the impact of the proposed changes to penalty rates on six select Brisbane electorates: Bonner, Bowman, Brisbane, Dickson, Forde and Longman.

Across these six electorates, workers reliant on penalty rates could stand to lose up to \$78 million each year in wages if Sunday rates are reduced to Saturday rates.

If penalty rates were to be abolished in their entirety, this would cost Queenslanders in the electorates analysed up to \$197 million per year.

Penalty rates serve as not only financial security for individuals in lower paying industries, but they also help to foster economic vibrancy throughout Brisbane and all across Queensland and Australia. This report quantifies the impact of any changes to the penalty rates of workers across the Brisbane metropolitan area, demonstrating the adverse impacts such changes will have on incomes and the local economies of those electorates analysed.









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